Message Text

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ACTION EUR-25

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FM USMISSION BERLIN

TO AMEMBASSY BONN

INFO SECSTATE WASHDC 2552

USDOC WASHDC

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY VIENNA

USMISSION NATO

USEC BRUSSELS 435

USMISSION GENEVA

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AMEMBASSY BUDAPEST

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

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E.O. 11652: GDS

TAGS: PFOR, ETRD, WB

SUBJECT: FRG PROPOSAL TO ESTABLISH EAST-WEST ECONOMIC COOPERATION CENTER IN WEST BERLIN

REF: A) BONN 14974 (NOTAL); B) BERLIN 742 PARA 5A (NOTAL);

C) BERLIN A-230 (NOTAL)

 $1. \ SUMMARY: MISSION CONCURS \ WITH EMBASSY RECOMMENDATION THAT CONFIDENTIAL$

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U.S. RESPOND POSITIVELY TO FRG PROPOSAL FOR CENTER IN WEST BERLIN

TO WHICH WESTERN AND EASTERN CHAMBERS OF COMMERCE AND OTHER ECONOMIC INSTITUTIONS WOULD BE INVITED TO ACCEDE. ALTHOUGH TANGIBLE RESULTS ARE LIKELY TO BE LIMITED AND POLITICAL DIFFICULTIES CONCERNING STATUS OF BERLIN MAY ARISE, ADVANTAGES TO BERLIN OF SERVING AS EAST-WEST MEETING GROUND COULD BE SUBSTANTIAL. THEREFORE WE SHOULD NOT DISCOURAGE FRG INITIATIVE. END SUMMARY.

2. PROPOSAL FOR ECONOMIC COOPERATION CENTER IS IN KEEPING WITH VARIOUS OFFICIAL AND SEMI-OFFICIAL STUDIES PREPARED SINCE QA IN EFFORT TO FIND NEW AND USEFUL ROLES FOR BERLIN, AS WELL AS TO PUT FLESH ON QA'S PROVISION FOR MAINTENANCE AND DEVELOPMENT OF TIES BETWEEN FRG AND WEST BERLIN. AS NOTED IN REF. C THE OBSTACLES TO MANY IDEAS THAT SEEM PROMISING ON SURFACE HAVE BEEN FORMIDABLE: INERTIA OF ESTABLISHED ORGANIZATIONS TO STAY WHERE THEY ARE; DIFFICULTY OF ARTIFICIAL TRANSPLANTS, WHERE ORGANIZATIONS OF SIMILAR NATURE ARE NOT ALREADY IN PLACE; AND COMPETITION OF OTHER WOULD-BE SCIENTIFIC, INTELLECTUAL OR TRADE CENTERS, AS CASE MAY BE.

3. WE FORESEE SOME OF THESE SAME DIFFICULTIES WITH CURRENT PROPOSAL. IN

ADDITION, EASTERN COUNTRIES, ESPECIALLY GDR, WOULD UNDOUBTEDLY PREFER TO RECEIVE VISITORS ELSEWHERE OR TO DEVELOP CONTACTS
WITH WEST BERLIN CENTER IN MANNER CALCULATED TO SUPPORT THEORY THAT CITY IS SEPARATE POLITICAL ENTITY. (BERLIN CHAMBER 1972 ANNUAL REPORT NOTED POSSIBLE POLITICAL MOTIVATION IN GDR'S ARRANGING FOR TRADE WITH BERLIN TO GROW AT FASTER RATE THAN WITH FRG AND DESCRIBED PERSISTENT GDR EFFORTS TO DIFFERENTIATE SHARPLY BETWEEN BERLIN AND WEST GERMAN FIRMS AS DETRIMENTAL TO POSSIBILITIES FOR FURTHER INCREASE IN TRADE.)

4. NEVERTHELESS, WE BELIEVE THERE IS ENOUGH OF POSITIVE INTEREST IN PROPOSAL TO MAKE IT WORTH OUR SUPPORT. AS BERLIN CHAMBER OF COMMERCE NOTED TO MISSION OFFICERS IN DISCUSSING PROPOSAL, WEST BERLIN AFFORDS WESTERN BUSINESSMEN CONGENIAL ENVIRONMENT WITH ADEQUATE FACILITIES AT LOCATION CONVENIENT FOR EASTERN EUROPEANS. MOREOVER, CENTER COULD BUILD ON PREVIOUS CHAMBER ACTIVITIES, INCLUDING SPONSORSHIP OF VARIOUS CONFERENCES WITH EASTERN EUROPEAN PARTICIPATION, SUCH AS THOSE WHICH BROUGHT SOVIET ORGANIZATIONS EXHIBITING IN WEST BERLIN TOGETHER WITH CONFIDENTIAL

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BERLIN ENTERPRISES LAST MAY (REF B). ENVISAGED NON-GOVERNMENTAL FORM OF ORGANIZATION MIGHT NOT ONLY HELP OVERCOME PROBLEM OF DIFFERING

VIEWS ON FRG-BERLIN TIES BUT COULD PERHAPS ALSO MINIMIZE JURIS-DICTIONAL CONFLICT WITH ECE.

5. DEVELOPMENT OF WEST BERLIN AS EAST-WEST TRADE CENTER IS ONE OF SEVERAL RECURRING THEMES IN EFFORTS TO FIND WAYS ENHANCE

CITY VIABILITY. WHILE RESULTANT TRADE POTENTIAL MAY WELL BE LIMITED, THERE ARE OPPORTUNITIES FOR USEFUL RESULTS, SOME OF WHICH MIGHT EVEN BENEFIT U.S. EXPORTS. MISSION THEREFORE BELIEVES U.S. SHOULD GIVE ENCOURAGEMENT TO FRG INITIATIVE RATHER THAN ACCEPT SUGGESTIONS OF FONOFF OFFICIALS TO OPPOSE IDEA. KLEIN

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